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ARNOLD & PORTER LLP

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Washington, DC 20001

October 9, 2016

**BY EMAIL FOLLOWED BY HARD COPY**

Hon. Lorin S. Robert  
Secretary, Department of Foreign Affairs  
Government of the  
Federated States of Micronesia  
PS123, Palikir  
Pohnpei State, FM 96941

Re: Representation of the Federated States of Micronesia

Dear Mr. Secretary:

We are very pleased that the Government of the Federated States of Micronesia (the "Government") has engaged Arnold & Porter LLP, a limited liability partnership organized under the laws of the District of Columbia (the "Firm"), to provide legal and advisory services to the Government.

The Firm's scope of work under this agreement will include: (i) advising the Government on matters relating to the Compact of Free Association between the Federated States of Micronesia (the "FSM") with the United States and related U.S. laws, (ii) assisting the Government in its upcoming negotiations with the United States leading to an updated Compact relationship beginning in the year 2023, (iii) providing other general advice on U.S. law and other representation before the U.S. Congress and Executive Branch, (iv) developing and enhancing the FSM's relationships with the U.S. Congress and Executive Branch, and (v) providing advice and assistance to the FSM in dealing with other governments, international organizations, and non-profit organizations. The Firm's work in these areas at any given time will be decided through regular mutual consultations between the Government and the Firm.

Requests to the Firm for work to be performed under this agreement for and on behalf of the FSM Government can only be submitted to the Firm by the Secretary of Foreign Affairs and the Secretary of the Department of Justice, or such person as they may

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4. Statements for Fees and Expenses. On a regular basis, generally every month, the Firm will send the Government a statement covering the Firm's fee charges and expenses, providing such reasonable detail as the Government may require. Each such statement shall include standard wiring instructions for the payment of such fee charges and expenses. The Firm shall provide copies of this statement to both the Secretary of Foreign Affairs and the Secretary of the Department of Justice.

All such statements are due and payable within thirty (30) days following the Government's receipt of them. We understand that internal accounts payable processing may occasionally cause delays in the payment of our statements, and I am sure that you understand that undue delays in the payment of our statements increase our costs in providing legal services to all of our clients. For this reason, and in order to avoid burdening clients who pay the Firm's statements promptly with the costs the Firm incurs when others are late, the Firm reserves the right to impose an additional charge of one percent (1%) per month from the statement date if statements are not paid in a timely manner. Furthermore, if the Firm's fees are not timely paid, the Firm reserves the right to terminate services and withdraw from any matter, proceeding or case then pending, so long as the Firm's withdrawal can be accomplished in accordance with applicable Rules of Professional Responsibility. Additionally, should it become necessary, the Government will be responsible for any costs and attorneys' fees incurred by this Firm in collecting any unpaid and outstanding balances owed.

Pursuant to Part 137 of the Rules of the Chief Administrator of the New York Courts, we advise all our clients that, if a dispute arises over the Firm's fees, and the Firm's representation has involved work by a New York attorney and a material amount of work in New York, the Government may have the right to arbitration of such dispute. (Although we do not now foresee this being the case in our assistance to the Government, this is a standard notification we make in our agreements.)

5. Waiver of Future Conflicts. Arnold & Porter LLP is a national and international law firm that represents a diverse array of individuals, companies and other entities. A summary of the Firm's current practice areas and the industries in which the Firm represent clients can be found on our web site at [www.arnoldporter.com](http://www.arnoldporter.com). Some of the Firm's current or future clients may have matters in conflict with the Government. Such matters could pose a variety of risks, direct or indirect, to your legal, financial or other interests. So that we are not unnecessarily conflicted from representing you or our other clients, we routinely ask clients for advance waivers of conflicts of interest in matters

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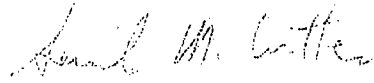
the Government's request, the Firm will return to the Government all records the Government has provided to the Firm, but the Firm may maintain archival copies of documents in the Firm's client working file as a part of normal recordkeeping of the Firm's work for its clients. Such material and our communications with you would be protected under the U.S. law of attorney-client privilege, as well as any applicable protections under Article 24 of the Vienna Convention on Diplomatic Relations of 1961. In referring to records, we include electronic and 'hard copy' records.

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If you have any questions about the matters described above, please let us know. This agreement contains important information about your rights, obligations and agreements with us, so we encourage you to consult independent counsel or any other advisor you wish about the information set forth above, including the conflict of interest waivers sought in this letter, the financial and other obligations that you are undertaking in this agreement, and the procedures for resolution of disputes.

Once again, we appreciate the opportunity to work together.

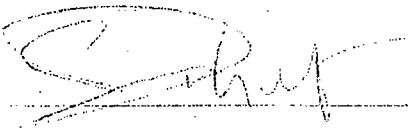
Sincerely,



Samuel M. Witten

ACCEPTED AND AGREED TO:

Hon. Lorin S. Robert  
Secretary, Department of Foreign Affairs  
Government of the Federated States of Micronesia



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**EXPENSES CHARGED TO CLIENTS**  
**As of January 1, 2015**

<b>CHARGES PAID TO THIRD PARTIES</b>		
<u>Disbursement Category</u>	<u>Standard Client Charge</u>	<u>Description</u>
Transportation Allowance	cost	Taxi, Parking or Subway charge for employees who work in excess of 2 hours overtime
Meal Allowance	cost	Meal reimbursement (not to exceed \$10 (\$20 - NY) for staff) for meals incurred by employees who work in excess of 2 hours overtime
Other Computer Research	cost	Excludes Lexis and Westlaw; includes Dun & Bradstreet, Courthouse News Service, etc.
Telephone	n/c	No charge
Travel	cost	Costs of airfare, travel agency fees, meals, lodging, etc.
Local Transportation	cost	Costs of taxis, subways, etc.
Local Meals	cost	Costs of meals not incurred on travel status
Outside Duplicating	cost	Costs of duplicating jobs sent to outside vendors
Equipment & Furniture Rental	cost	Only charged when preauthorized by client
Postage	n/c	No charge
Air Delivery Services	cost	Includes Federal Express, DHL, etc.
Meetings & Functions	cost	Costs of meals and beverages provided at meetings
Local Counsel/Outside Counsel	cost	Cost of local/outside counsel fees and disbursements
Arbitrators	cost	Costs of arbitration fees
Consulting Fees	cost	Costs of consultants, outside experts, etc.
Depositions & Transcripts	cost	Costs of depositions, transcripts, etc.
Filing Fees	cost	Costs of court and agency, filing fees
Litigation Support	cost	Costs of case technology/e-discovery
Witness Fees	cost	Costs of witness fees